

Message Text

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SUBJ: U.S. BEEF SALES AT OSAKA INTERNATIONAL TRADE FAIR

1. SUMMARY. SPECIAL TEN TON IMPORT ALLOCATION OF HIGH-QUALITY U.S. BEEF OBTAINED BY THE CONSULATE GENERAL FOR SALE BY COOPERATING ASSOCIATION AT THE OSAKA INTERNATIONAL TRADE FAIR HAS BEEN SOLD OUT IN RECORD TIME. WITH 5 DAYS REMAINING FOR THE FAIR, ONLY A SMALL AMOUNT OF MEAT IS LEFT AND THE SMALL SUPPLY IS BEING RATIONED TO BUYERS. CONSULATE GENERAL AND AMEMBASSY TOKYO (AGRICULTURAL ATTACHE) HAVE REQUESTED AN ADDITIONAL ALLOCATION FROM THE JAPANESE GOVERNMENT BUT NO ANSWER HAS BEEN FORTHCOMING. EXPERIENCE AT THIS FAIR PROVES THE EXTENT AND STRENGTH OF DEMAND FOR QUALITY U.S. BEEF AND SHOULD BE USEFUL IN FURTHER TRADE PROMOTION. END SUMMARY.

2. IN LATE DECEMBER OF LAST YEAR, THE CONSULATE GENERAL REQUESTED A SPECIAL ONE-HUNDRED TON IMPORT ALLOCATION OF U.S. BEEF TO BE SOLD BY COOPERATING JAPANESE ASSOCIATION AT THE OSAKA INTERNATIONAL TRADE FAIR, APRIL 19 TO 30. AFTER A TWO MONTH DELIBERATION THE JAPANESE GOVERNMENT APPROVED AN ALLOCATION OF ONLY TEN TONS. UNDER THIS

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ALLOCATION THE MAIN PROMOTER OF THE "AMERICAN BEEF BAZAAR" AT THE FAIR, AN ASSOCIATION OF FROZEN AND CHILLED FOOD DISTRIBUTORS CALLED KANSAI COLD CHAIN, WAS ABLE TO OBTAIN U.S. TENDERLOIN, SIRLOIN STEAKS AND CHUCK ROLL FOR SALE AT THE FAIR. ALL MEAT WAS HIGH QUALITY USDA CHOICE.

3. PROMOTIONAL AND FINANCIAL ASSISTANCE TO THE BEEF BAZAAR

HAS ALSO BEEN GIVEN BY THE U.S. MEAT EXPORT FEDERATION. THE FEDERATION'S ASIAN DIRECTOR, DR. TENNISON, HAS WORKED CLOSELY WITH KANSAI COULD CHAIN FROM THE BEGINNING IN PLANNING AND CARRYING OUT THE PROMOTION.

4. THE AIM OF THE PROMOTION IS GRAPHIC DEMONSTRATION TO THE JAPANESE CONSUMER THAT HIGH-QUALITY U.S. BEEF, COMPARABLY TO BEEF SELLING IN JAPAN FOR DLS16 TO DLS20 A POUND, COULD BE SOLD DIRECTLY TO THE CONSUMER AT A MUCH LOWER PRICE. A SECOND AIR IS TO PROVE THAT CONSUMERS WOULD RESPOND POSITIVELY TO BEEF OFFERED AT A MORE REASONABLE PRICE, DISPELLING ONCE AND FOR ALL THE MYTH THAT A HIGHER DEMAND FOR BEEF DOES NOT EXIST IN JAPAN.

5. VARIOUS COSTS-- INCLUDING THE COST OF AIR-FREIGHTING A LARGE PART OF THE SHIPMENT FROM THE US--FORCED THE FINAL PRICE OF THE BEEF TO AROUND DLS 7 A POUND NEVERTHE LESS, EVEN AT THIS PRICE--HIGH BY US STANDARDS--DEMAND FOR THE BEEF AT THE FAIR HAS BEEN REYOND OUR WILDEST EXPECTATIONS. SINCE THE OPENING DAY, "NEW YEAR IN TIMES SQUARE" CONDITIONS HAVE PREVAILED AROUND THE AMERICAN BEEF BAZAAR. ON THE SECOND DAY, SECURITY GUARDS, CROWD CONTROL ROPE FENCES, AND RATIONING BY PRE-PRINTED TICKETS WERE INSTITUTED. HUNDREDS OF CUSTOMERS HAVE BEEN LINED UP BY OPENING TIME EACH DAY. THE PROMOTERS, FORESEEING A QUICK END TO THE TEN TONS ALLOCATED, SARTED RATIONING THE AMOUNT TO BE SOLD PER DAY AND PER CUSTOMER AND UNCLASSIFIED

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ON APRIL 21 ASKED US TO REQUEST AN ADDITIONAL ALLOCATION FROM THE JAPANESE GOVERNMENT. THE EMBASSY'S AGRICULTURAL ATTACHE CONVEYED THIS REQUEST TO THE MINISTRY OF AGRICULTURE THE SAME DAY BUT AS OF TODAY AN ANSWER HAS NOT BEEN FORTHCOING.

6. AS OF APRIL 24, 80 PERCENT OF THE ORIGINAL ALLOCATION HAD BEEN SOLD. A LOCAL BUTCHERS AND MEAT SELLERS COOPERATIVE ASSOCIATION HAS, ACCORDING TO KANSAI COULD CHAIN, INDICATED WILLINGNESS TO FURNISH 2 TON OF IMPORTED U.S. BEEF FROM ITS STOCKS IF NECESSARY TO KEEP THE BEEF BAZAAR IN OPERATION. THE ASSOCIATION WOULD MAKE NO PROFIT ON THIS SUPPLY, TO PERMIT SALES AT THE SAME PRICES THAT ARE NOW IN EFFECT AT THE BAZAAR.

7. THESE DRAMATIC EVENTS AT THE BEEF BAZAAR HAVE ATTRACTED WIDE-SPREAD MEDIA ATTENTION. ALL MAJOR NEWSPAPERS AND TELEVISION NETWORKS HAVE COVERED THE BAZAAR. DR. TENNISON WAS INTERVIEWED BY NHK, JAPAN'S PUBLIC BROADCASTING CORPORATION, AND THE INTERVIEW CARRIED NATION-WIDE ON THE EVENING TELEVISION NEWSCAST. THE IMPACT COULD NOT HAVE BEEN BETTER.

8. COMMENT. WHAT'S HAPPENING DOWN AT THE OSAKA FAIR GROUNDS

PROVES THAT DEMAND IN JAPAN FOR HIGH QUALITY BEEF IS REAL AND WIDE-SPREAD. AFTER THIS IS OVER, THE JAPANESE GOVERNMENT SHOULD FIND IT IMPOSSIBLE TO SIT BACK AND SAY WITH A STRAIGHT FACE THAT DEMAND FOR HIGH QUALITY IMPORTED BEEF IS CONFINED TO HOTELS AND RESTAURANTS. WE BELIEVE THAT THE BEEF BAZAAR AND ITS ATTENDENT PUBLICITY WILL SIGNIFICANTLY STRENGTHEN CONSUMER PRESSURE FOR LIBERALIZING BEEF IMPORT CONDITIONS. WE ALSO FIND THE HELPFUL ATTITUDE OF LOCAL BUTCHERS AND MEAT SELLERS SIGNIFICANT. IT PRESUMABLY REFLECTS RECOGNITION THAT THEY WOULD BENEFIT MORE FROM INCREASED MEAT CONSUMPTION THAN FROM THEIR CUT OF SKY-HIGH PRICES IN THE CURRENTLY RESTRICTED MARKET. THIS ADDS UP TO POTENTIAL LEVERAGE FOR EXPORTING MORE U.S. BEEF TO JAPAN. ON ONE HAND, WE TRUST IT CAN BE USED TO GOOD EFFECT WITH THE "MEAT TEAM" VISITING THE U.S. AT THE SAME TIME, WE PLAN, UNLESS

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OTHERWISE INSTRUCTED, TO CONTINUE COOPERATION WITH HELPFUL LOCAL TRADE CONTACTS TO KEEP UP THIS CONSUMER-INTEREST MOMENTUM.

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